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Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 COME-00 TRSE**0 CIEP-02 OPIC-12

AID-20 EUR-25 L-03 CIAE-00 INR-10 NSAE-00 RSC-01

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FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 4792

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E.O. 11652: N/A
TAGS: ECON, ETRD, EFIN, EIND, CU, AR
SUBJECT: FIAT TO CONCLUDE SALES AGREEMENT WITH CUBA;
CHRYSLER NEGOTIATING.

REFS: (A) BUENOS AIRES 8948 (B) BUENOS AIRES 8510
(C) BUENOS AIRES 7963

1. GOA ANNOUNCED DEC. 26 THAT ITALIAN-OWNED FIAT CONCORD (LARGEST PRIVATE CORPORATION IN ARGENTINA) WOULD FORMALIZE AGREEMENT WITH CUBA TRADE MISSION IN BUENOS AIRES DEC. 28 FOR SALE OF US$ 100 MILLION WORTH OF VEHICLES OVER NEXT THREE YEARS. FIAT CONCORD WILL DELIVER 5,500 HEAVY TRUCKS, 6,000 AUTOMOBILES, AND 600 AGRICULTURAL TRACTORS. TRANSACTION WILL UTILIZE HALF OF ORIGINAL CENTRAL BANK CREDIT TO CUBA.

2. OFFICIALS OF LOCAL FORD MOTOR AND GENERAL MOTORS SUBSIDIARIES TOLD EMBOFF FIAT DEAL IS EXPECTED TO RELIEVE BOTH FORD AND GM FROM IMMEDIATE PRESSURE TO SELL VEHICLES TO CUBA. GM EXPORT MANAGER SAID TRUCKS INVOLVED ARE EXTREMELY LARGE MODELS NOT PRODUCED BY ANY US FIRM IN ARGENTINA. FORD EXPORT DIRECTOR ALSO REPORTED MERCEDEZ BENZ SUBSIDIARY EXPECTED TO CONCLUDE*SIMILAR DEAL TO PROVIDE 1,500 HEAVY TRUCKS TO CUBA ANNUALLY
OVER SIMILAR PERIOD.

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3. WHILE GP AND FORD SOMEWHAT REASSURED, POSI ION OF OTHE*

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US AND*FOREIGN FIRMS LES CLEAR. TRACTORS TO BE SOLD BY FIAT
ORIGINALLY SO GHT BY CUBANS FROM MASSEY-FERGUSON, ACCORDING*TO MASSEY-FERGUSON SA*E* DIRECTOR. H W V*R, CUBANS INSOS*ED
ON "URGENT DELIVERY" AND PRICES MUCH BELOW ANY LEVEL ACCEPT-
ABLE TO MASSEY FERGUSON, SO NEGOTIATIONS WERE DROPPED BY MF
AND CUBANS TURNED TO FIAT. THIS LEAVES UNRESOLVED EARLIER
EXPRESSIONS OF INTEREST BY CUBANS IN SPECIAL MODEL BUILT HERE
BY JOHN DEERE FOR CANEFIELD OPERATIONS. EMBASSY HAS RECEIVED
NO NEW REPORT FROM JOHN DEERE REGARDING CUBAN REQUESTS FOR
QUOTES OR GOA PRESSUE SINCE NOV. 19 MEETING IN MINISTRY OF
ECONOMY REPOR ED IN REFTEL B. JOHN DEERE'S POSITION CONTINUES
THAT PRODUCTION THIS MODEL COMMITTED FULLY TO INTERNAL MARKET
UNTIL EARLY 1975.

4. CHRYSLER SUBSIDIARY APPEARS FULLY PREPARED TO SELL VEHICLES
TO CUBANS. GM OFFICIAL STATED CHRYSLER FEVRE HOPES TO SELL
3,000 UNITS OF COMPACT MODEL DODGE 1500, PRESUMABLY STRETCHED
OVER TWO OR THREE YEARS. CHRYSLER, EXPORT MANAGER, IN RESPONSE
TO DIRECT INQUIRY, STATED THAT DETAILS OF QUANTITY, PRICE, AND
DELIVERY PERIOD HAVE BEEN SETTLED WITH CUBAN MISSION AND THAT
CONCLUSION OF TRANSACTION HINGES NOW ONLY UPON RESPONSE OF
WASHINGTON AGENCIES.

5. WE BELIEVE CUBAN MISSION PURSUED CHRYSLER MORE ASSIDIOUSLY
THAN FORD OR GM. THEY TOLD CHRYSLER PRESIDENT THEY HAVE LONG
PREFERRED CHRYSLER PRODUCTS AND MANY OLD DODGE TRUCKS ARE STILL
RUNNING IN CUBA. WE ARE NOT AWARE OF ANY SPECIFIC GOA THREATS
AGAINST CHRYSLER IF IT FAILS TO GO THROUGH WITH THIS DEAL,
BUT ANTICIPATE THAT THERE WOULD BE CONSIDERABLE OFFICIAL DIS-
PLEASURE AGAINST BOTH CHRYSLER AND THE USG IF IT FELL THROUGH.
WOULD APPRECIATE INFORMATION ON STATUS OF TREASURY CONSIDERATION
OF ARGENTINE EXCEPTIONS TO CUBAN ASSETS CONTROL REGULATIONS.
KREBS

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